
SENATE BILL 5995

State of Washington

54th Legislature

1995 Regular Session

By Senators West and Oke

Read first time 02/21/95. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax relief for residential property
2 leased to disabled persons and low-income senior citizens; amending RCW
3 84.36.383, 84.36.387, 84.36.389, and 84.36.383; adding a new section to
4 chapter 84.36 RCW; and providing contingent effective dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
7 to read as follows:

8 A person shall be exempt from any legal obligation to pay all or a
9 portion of the amount of excess and regular real property taxes due and
10 payable in the year following the year in which a claim is filed, and
11 thereafter, in accordance with the following:

12 (1) The property taxes must have been imposed upon a residence that
13 was leased to and occupied as a principal place of residence by a
14 person who would be exempt from tax under RCW 84.36.381 if the person
15 owned the residence.

16 (2) The person claiming the exemption must have owned, at the time
17 of filing, in fee, as a life estate, or by contract purchase, the
18 residence on which the property taxes have been imposed or if the
19 residence is in a cooperative housing association, corporation, or

1 partnership, such person must own a share therein representing the unit
2 or portion of the structure in which the disabled person resides. For
3 purposes of this subsection, a residence owned by a marital community
4 or owned by cotenants shall be deemed to be owned by each spouse or
5 cotenant, and any lease for life shall be deemed a life estate.

6 (3) The amount that the person shall be exempt from an obligation
7 to pay shall be calculated on the basis of combined disposable income,
8 as defined in RCW 84.36.383, of the lessee in the same manner as
9 provided in RCW 84.36.381(4).

10 (4) A person who otherwise qualifies under this section is entitled
11 to the same property tax exemption as provided under RCW 84.36.381
12 based on the combined disposable income of the person's lessee.

13 **Sec. 2.** RCW 84.36.383 and 1991 c 213 s 4 are each amended to read
14 as follows:

15 As used in RCW 84.36.381 through 84.36.389 and section 1 of this
16 act, except where the context clearly indicates a different meaning:

17 (1) The term "residence" shall mean a single family dwelling unit
18 whether such unit be separate or part of a multiunit dwelling,
19 including the land on which such dwelling stands not to exceed one
20 acre. The term shall also include a share ownership in a cooperative
21 housing association, corporation, or partnership if the person claiming
22 exemption can establish that his or her share represents the specific
23 unit or portion of such structure in which he or she resides. The term
24 shall also include a single family dwelling situated upon lands the fee
25 of which is vested in the United States or any instrumentality thereof
26 including an Indian tribe or in the state of Washington, and
27 notwithstanding the provisions of RCW 84.04.080(~~(7)~~) and 84.04.090 (~~(or~~
28 ~~84.40.250)~~), such a residence shall be deemed real property.

29 (2) The term "real property" shall also include a mobile home which
30 has substantially lost its identity as a mobile unit by virtue of its
31 being fixed in location upon land owned or leased by the owner of the
32 mobile home and placed on a foundation (posts or blocks) with fixed
33 pipe, connections with sewer, water, or other utilities: PROVIDED,
34 That a mobile home located on land leased by the owner of the mobile
35 home shall be subject, for tax billing, payment, and collection
36 purposes, only to the personal property provisions of chapter 84.56 RCW
37 and RCW 84.60.040.

1 (3) The term "preceding calendar year" shall mean the calendar year
2 preceding the year in which the claim for exemption is to be made.

3 (4) "Department" shall mean the state department of revenue.

4 (5) "Combined disposable income" means the disposable income of the
5 person claiming the exemption for an exemption under RCW 84.36.381 and
6 the disposable income of the lessee in the case of an exemption under
7 section 1 of this act, plus the disposable income of his or her spouse,
8 and the disposable income of each cotenant occupying the residence for
9 the preceding calendar year, less amounts paid by the person claiming
10 the exemption or his or her spouse during the previous year for the
11 treatment or care of either person received in the home or in a nursing
12 home.

13 (6) "Disposable income" means adjusted gross income as defined in
14 the federal internal revenue code, as amended prior to January 1, 1989,
15 or such subsequent date as the director may provide by rule consistent
16 with the purpose of this section, plus all of the following items to
17 the extent they are not included in or have been deducted from adjusted
18 gross income:

19 (a) Capital gains, other than nonrecognized gain on the sale of a
20 principal residence under section 1034 of the federal internal revenue
21 code, or gain excluded from income under section 121 of the federal
22 internal revenue code to the extent it is reinvested in a new principal
23 residence;

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

27 (e) Military pay and benefits other than attendant-care and
28 medical-aid payments;

29 (f) Veterans benefits other than attendant-care and medical-aid
30 payments;

31 (g) Federal social security act and railroad retirement benefits;

32 (h) Dividend receipts; and

33 (i) Interest received on state and municipal bonds.

34 (7) "Cotenant" means a person who resides with the person claiming
35 the exemption and who has an ownership interest in the residence.

36 **Sec. 3.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read
37 as follows:

1 (1) All claims for exemption under RCW 84.36.381 or section 1 of
2 this act shall be made and signed by the person entitled to the
3 exemption, by his or her attorney in fact or in the event the residence
4 of such person is under mortgage or purchase contract requiring
5 accumulation of reserves out of which the holder of the mortgage or
6 contract is required to pay real estate taxes, by such holder or by the
7 owner, either before two witnesses or the county assessor or his deputy
8 in the county where the real property is located: PROVIDED, That if a
9 claim for exemption is made by or for a person living in a cooperative
10 housing association, corporation, or partnership, such claim shall be
11 made and signed by the person entitled to the exemption and by the
12 authorized agent of such cooperative.

13 (2) If the taxpayer is unable to submit his own claim, the claim
14 shall be submitted by a duly authorized agent or by a guardian or other
15 person charged with the care of the person or property of such
16 taxpayer.

17 (3) All claims for exemption and renewal applications shall be
18 accompanied by such documented verification of income as shall be
19 prescribed by rule adopted by the department of revenue.

20 (4) Any person signing a false claim with the intent to defraud or
21 evade the payment of any tax shall be guilty of the offense of perjury.

22 (5) The tax liability of a cooperative housing association,
23 corporation, or partnership shall be reduced by the amount of tax
24 exemption to which a claimant (~~residing therein~~) is entitled and such
25 cooperative shall reduce any amount owed by the claimant to the
26 cooperative by such exact amount of tax exemption or, if no amount be
27 owed, the cooperative shall make payment to the claimant of such exact
28 amount of exemption.

29 (6) A remainderman or other person who would have otherwise paid
30 the tax on real property that is the subject of an exemption granted
31 under RCW 84.36.381 or section 1 of this act for an estate for life
32 shall reduce the amount which would have been payable by the life
33 tenant to the remainderman or other person to the extent of the
34 exemption. If no amount is owed or separately stated as an obligation
35 between these persons, the remainderman or other person shall make
36 payment to the life tenant in the exact amount of the exemption.

37 **Sec. 4.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
38 read as follows:

1 (1) The director of the department of revenue shall adopt such
2 rules and regulations and prescribe such forms as may be necessary and
3 appropriate for implementation and administration of this chapter
4 subject to chapter 34.05 RCW, the administrative procedure act.

5 (2) The department may conduct such audits of the administration of
6 RCW 84.36.381 through 84.36.389 and section 1 of this act and the
7 claims for exemption filed thereunder as it considers necessary. The
8 powers of the department under chapter 84.08 RCW apply to these audits.

9 (3) Any information or facts concerning confidential income data
10 obtained by the assessor or the department, or their agents or
11 employees, under subsection (2) of this section shall be used only to
12 administer RCW 84.36.381 through 84.36.389 and section 1 of this act.
13 Notwithstanding any provision of law to the contrary, absent written
14 consent by the person about whom the information or facts have been
15 obtained, the confidential income data shall not be disclosed by the
16 assessor or the assessor's agents or employees to anyone other than the
17 department or the department's agents or employees nor by the
18 department or the department's agents or employees to anyone other than
19 the assessor or the assessor's agents or employees except in a judicial
20 proceeding pertaining to the taxpayer's entitlement to the tax
21 exemption under RCW 84.36.381 through 84.36.389 and section 1 of this
22 act. Any violation of this subsection is a misdemeanor.

23 **Sec. 5.** RCW 84.36.383 and 1994 sp.s. c 8 s 2 are each amended to
24 read as follows:

25 As used in RCW 84.36.381 through 84.36.389 and section 1 of this
26 act, except where the context clearly indicates a different meaning:

27 (1) The term "residence" shall mean a single family dwelling unit
28 whether such unit be separate or part of a multiunit dwelling,
29 including the land on which such dwelling stands not to exceed one
30 acre. The term shall also include a share ownership in a cooperative
31 housing association, corporation, or partnership if the person claiming
32 exemption can establish that his or her share represents the specific
33 unit or portion of such structure in which he or she resides. The term
34 shall also include a single family dwelling situated upon lands the fee
35 of which is vested in the United States or any instrumentality thereof
36 including an Indian tribe or in the state of Washington, and
37 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
38 residence shall be deemed real property.

1 (2) The term "real property" shall also include a mobile home which
2 has substantially lost its identity as a mobile unit by virtue of its
3 being fixed in location upon land owned or leased by the owner of the
4 mobile home and placed on a foundation (posts or blocks) with fixed
5 pipe, connections with sewer, water, or other utilities: PROVIDED,
6 That a mobile home located on land leased by the owner of the mobile
7 home shall be subject, for tax billing, payment, and collection
8 purposes, only to the personal property provisions of chapter 84.56 RCW
9 and RCW 84.60.040.

10 (3) "Department" shall mean the state department of revenue.

11 (4) "Combined disposable income" means the disposable income of the
12 person claiming the exemption for an exemption under RCW 84.36.381 and
13 the disposable income of the lessee in the case of an exemption under
14 section 1 of this act, plus the disposable income of his or her spouse,
15 and the disposable income of each cotenant occupying the residence for
16 the assessment year, less amounts paid by the person claiming the
17 exemption or his or her spouse during the assessment year for the
18 treatment or care of either person received in the home or in a nursing
19 home.

20 (5) "Disposable income" means adjusted gross income as defined in
21 the federal internal revenue code, as amended prior to January 1, 1989,
22 or such subsequent date as the director may provide by rule consistent
23 with the purpose of this section, plus all of the following items to
24 the extent they are not included in or have been deducted from adjusted
25 gross income:

26 (a) Capital gains, other than nonrecognized gain on the sale of a
27 principal residence under section 1034 of the federal internal revenue
28 code, or gain excluded from income under section 121 of the federal
29 internal revenue code to the extent it is reinvested in a new principal
30 residence;

31 (b) Amounts deducted for loss;

32 (c) Amounts deducted for depreciation;

33 (d) Pension and annuity receipts;

34 (e) Military pay and benefits other than attendant-care and
35 medical-aid payments;

36 (f) Veterans benefits other than attendant-care and medical-aid
37 payments;

38 (g) Federal social security act and railroad retirement benefits;

39 (h) Dividend receipts; and

1 (i) Interest received on state and municipal bonds.

2 (6) "Cotenant" means a person who resides with the person claiming
3 the exemption and who has an ownership interest in the residence.

4 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act shall take
5 effect on January 1, 1996, and shall apply to taxes first payable in
6 1997, if the proposed amendment to Article VII, section 10 of the state
7 Constitution (SJR (S-0396.1/95)) is validly submitted to and is
8 approved and ratified by the voters at a general election held in
9 November 1995. Section 5 of this act shall take effect on January 1,
10 1996, or the effective date of 1994 sp.s. c 8, whichever is later, if
11 the proposed amendment to Article VII, section 10 of the state
12 Constitution (SJR (S-0396.1/95)) is validly submitted to and is
13 approved and ratified by the voters at a general election held in
14 November 1995. If the proposed amendment is not so approved and
15 ratified, this act shall be null and void in its entirety.

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